

STRIDES ARCOLAB LIMITED



Leadership through partnering

Company Background

Strides Arcolab, established in the year 1990, is among the top-15 pharmaceutical companies of India. The company is a major player in the global market for soft gelatin capsules and sterile parenterals. It also manufactures and exports branded and generic pharmaceutical dosage forms. It has partnership agreements with more than 10 of the top-50 global pharmaceutical majors across Australia, South Africa, the EU, and the USA.

Strides Arcolab has manufacturing facilities in India, the US, Brazil, Mexico, Poland and Italy. This gives the company and its partners the advantage of being able to source products from multiple

locations. Currently, the company employs approximately 1100 personnel, of which 350 are located overseas.

In 2005, the company's total revenue was EUR 61.05 million, which represented a growth of 39 per cent over last year's revenue of Euro 44 million.

Strides Arcolab in the EU

Strides Arcolab expanded its presence in the EU through inorganic growth, i.e., acquisitions of existing manufacturing facilities of other companies. The major EU countries where the company is present are as follows:

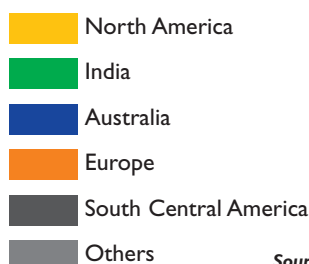
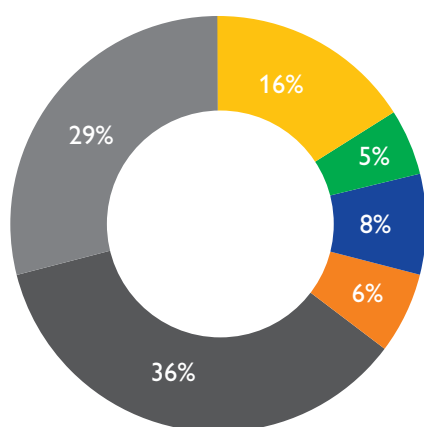
Strides Arcolab in Italy

The company entered the EU in 2005 with the acquisition of Beltapharm, a Milan-based contract pharmaceutical manufacturer. This acquisition gave the company access to a European Union Good Manufacturing Practice approved facility, which can manufacture and supply semi-solids.

Strides Arcolab in Poland

In May 2006, Strides Arcolab acquired the Polish manufacturing facility of ICN Valeant. This acquisition is expected to facilitate the operational expansion of the company in the EU, as a part of the Strides Global Network. Strides plans to increase the workforce and expand its capacity for sterile dose forms with the intention of supplying products to the EU as well as global markets. The expansion is expected to be completed by mid 2007.

Income – Geographic Distribution (2005)



Source: Annual Report - Strides Arcolab, 2004-05

Strides Arcolab in other EU Countries

Apart from acquisitions in Italy and Poland, Strides Arcolab also set up Strides Arcolab International Ltd. Strides Arcolab International Ltd. will now function as a vehicle for managing all international investments of the company. In February 2005, Strides Arcolab entered into an agreement with Mayne Pharma of Australia to develop, manufacture and distribute anti-infective products in the EU.

In addition, Strides Arcolab has developed long-term relationships with leading companies in the EU for entering into supply agreements and undertaking various development projects. In June 2006, the company entered into a joint venture with Abdi Ibrahim, a leading Turkish pharmaceutical company, to develop a range of specialty pharmaceutical products for the Turkish and neighbouring pharmaceutical markets. This could prove to be a rewarding venture for Strides Arcolab, as Turkey might become a part of the EU in the near future.

Factors for Success

Forming Appropriate Partnerships

Strides Arcolab is particular about selecting partners that would help it focus on niche products as well as facilitate it in sales management, distribution and litigation. To establish and increase its presence in the EU, the company has partnered with large local or regional companies. Some of these high-value partnerships extend beyond development and supply into the areas of upside/downside risk sharing, equity participation and profit sharing.

Flexibility in Operations

The company has a flexible manufacturing process, which allows it to modify the scale of production as well as processes more efficiently, in accordance with the requirements of its clients. It also offers services covering the entire pharma value chain

from formulation development to integrated product supply. This qualifies it as a fully-integrated company especially in the field of soft gels and steriles.

Focus on Research and Development

The company competes in the market on the basis of various parameters, including service performance, innovation, quality and quick regulatory approvals. It has a sophisticated understanding of chemical processes as well as the ability to utilise opportunities in the field of new or existing pharmaceutical products. Since March 2005, 14 of its products under the ANDA class have been filed with the USFDA, with another 22 products due to be filed within 2007. In addition, the company has received tentative approval for 2 ANDA applications.

Future Plans

The company is targeting a strong position in the world market for steriles, with a wide range of capabilities in freeze drying, prefill syringes, ampoules and vials, and dedicated Penicillin, Cephalosporins and Penem capacities. About 40 sterile generic products are currently under development for the US and EU markets.

The company also plans to position itself as a full-service provider by entering into contract manufacturing and supply agreements.

By mid 2007, the company also proposes to construct a greenfield facility in Bangalore for Oncology and Hormone products. It has already established strategic partnerships in the EU for this purpose, and plans to make a capital expense of USD 40 million for expansion in the domains for steriles, softgels and APIs (active pharmaceutical ingredients).

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